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December 17, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dean George Hill

Timothy E. Welch

William Caton
Secretary
Federal Communications Commission
Washington, D.C. 20554

Re: Gen. Docket No. 90-314

Dear Mr. Caton:

On November 19, 1993, on behalf of Mebtel, Inc., we filed a Petition for Reconsideration relating to the referenced proceeding. Yesterday, I visited the docket reference room to review petitions for reconsideration filed by other parties and I did not see Mebtel's petition for reconsideration. Moreover, I reviewed the RIPS system and did not see Mebtel's pleading listed. Accordingly, I am forwarding additional date stamped copies of Mebtel's petition for reconsideration to ensure that it is associated with the docket in this important rule making proceeding.

Should you have any questions, do not hesitate to call.

Respectfully,

Timothy E. Welch

Timothy E. Welch

Office

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

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Nov 19 '93
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	FCC 93-451
)	
Amendment of the Commission's)	GEN Docket No. <u>90-314</u>
Rules to Establish New Personal)	
Communications Services)	RM-7140, RM-7175, RM 7618
)	

PETITION FOR RECONSIDERATION

MEBTEL, Inc. (MEBTEL), by its attorneys, hereby seeks reconsideration of the Second Report and Order, FCC 93-451, released on October 22, 1993. In support whereof, the following is respectfully submitted:

1) MEBTEL is very concerned that the Commission will apparently license PCS stations in MTA's and BTA's, urban and rural, in roughly the same time frame with the same build out periods. MEBTEL favors the licensing of urban areas followed by the licensing of rural areas.

2) In the cellular radio licensing process, rural areas were licensed well after urban areas. The cellular radio licensing scheme proved extremely beneficial to rural cellular operators. First, equipment acquisition costs decreased as equipment production schedules increased. which enabled the rural cellular operators to better build out the rural areas. By the time the rural areas were required to be constructed, equipment costs had fallen sufficiently to justify cellular construction in most rural

areas. Rural PCS operators can ill afford to purchase the piece of machinery off of the production line.¹

3) Second, the cellular licensing scheme ensured that the learning curve was climbed by the service providers in large markets. The large markets are more able to absorb construction and service mistakes. In the marginal markets of rural America, there is no room for mistakes--one mistake could force out of business a rural service provider operating on thin margins.

4) In the proposed PCS licensing scheme, such benefits do not appear to be available. The proposed licensing scheme would require rural PCS operators with limited resources to bid against urban operators with significantly more resources. Because equipment production will be in its infancy, the urban and rural PCS service providers will be bidding for a limited amount of equipment thereby placing equipment out of the reach of rural operators.

5) Thus, the proposed licensing scheme will have severe, adverse consequences for rural companies risking money at the FCC's auction. MEBTEL proposes two steps to avoid the prescription for rural area disaster contained in the adopted rules. First, the

¹ MEBTEL understands that at least one entity will directly request that the Commission license rural areas first. MEBTEL vehemently opposes that suggestion. As noted above, market realities do not support that proposition. It would be an odd policy in which the major markets received equipment price breaks because of equipment purchases made after rural area equipment purchases.

Commission should consider licensing rural areas only after the urban areas have been completely licensed.

6) Second, to assure that equipment is available at economically feasible prices, MEBTEL proposes that permittees in the C and D Blocks be allowed 10 years to provide service to 1/3 of the BTA population and 15 years to provide service to 2/3 of the BTA population.² The proposed measures will ensure that rural PCS operators are not asked to leave the game before they can get their game pieces on the board.

7) The extension of the build out period should not concern the Commission. The Commission views PCS as a market driven service. In those rural areas where market forces warrant, the build outs will occur at a faster rate. In less economically viable settings, the extended build out period will permit rural PCS operators the opportunity to provide service which are sought by the market rather than provide expensive services merely to meet an arbitrary construction deadline.³

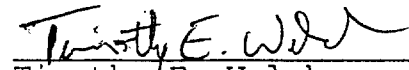
² The Commission proposes that all MTA and BTA areas be built out to 90% of the population within 10 years of initial authorization. This policy fails to account for the fact that some areas of rural BTA's, such as desert areas, farm land, and plains areas, are sparsely populated. The Commission's adopted policy requires coverage of cactus, alfalfa, and prairie dogs merely to serve small pockets of people.

³ A short time ago, undersigned counsel attended an FCC brown bag luncheon in which the FCC spokesperson indicated that the FCC is not aware of what PCS services will be provided. The spokesperson further indicated that the determination of the services to be provided would be made by the PCS industry. As of today, with limited exception, the nascent PCS industry is also
(continued...)

WHEREFORE, in view of the information presented herein, the Commission should reconsider its PCS build out rules as they apply to rural areas.

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November 18, 1993

Respectfully submitted,
MEBTel, INC.



Timothy E. Welch

³(...continued)

curious as to what services will be provided. There should not be a rush to construction where neither the FCC nor the PCS industry knows the manner in which PCS will be offered.